

TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING
 LEYBURN TOWN COUNCIL
 INTERNAL AUDIT REPORT
 RFO: CHARLOTTE SMITH

AUDIT CONDUCTED OFF SITE USING LOGINS TO SCRIBE & DROPBOX

YEAR ENDING: 31ST MARCH 2021

Internal Control	Suggested Testing	Findings	Recommendation
Proper Bookkeeping	Is cashbook maintained and up to date?	Yes. The Council uses SCRIBE	
	Is cashbook arithmetically correct?	Yes, Scribe is self balancing	
	Is the cashbook regularly balanced?	Yes, monthly reconciliations undertaken	
A) Standing Orders and Financial Regulations adopted and applied; AND B) Payment Controls	Has the council formally adopted standing orders and financial regulations?	Yes	
	Has a Responsible financial officer been appointed with specific duties?	Charlotte Smith has been appointed RFO. She has a contract and a current job description.	
	Have items or services above the de minimus amount been	There is a tender book in place. However, most tenders are 3-5 years old	As good practice, to ensure quotations and contracts remain competitive you

	competitively purchased?		should retender contracts every 2-3 years
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes	
	Has VAT on payments been identified, recorded and reclaimed?	Yes	
	Is s137 expenditure separately recorded and within statutory limits?	No S.137 expenditure recorded. When checked with Charlotte she advised she has passed her CILCA so LTC declared GPC in March 2020 item 20.72	
Risk Management Arrangements	Does a review of the minutes identify any unusual financial activity?	No unusual activity detected	
	Do minutes record the council carrying out an annual risk assessment?	Risk Assessments viewed relating to COVID in workplaces, play area and public conveniences. Historic Risk Assessment to be reviewed and updated but COVID responsibilities have pushed this back	Please review the Risk Assessment in the coming months
	Is insurance cover appropriate and adequate?	Policy for y/e 31 st May 2021 seen. £8775.67 paid. Town Hall Valuation of £3.76m for Buildings. Public toilets £38k. Business Interruption Ins provided. £10m Employer's Liability and £15m Public Liability. Legal Expenses £200k per incident	
	Are internal financial controls documented and regularly reviewed?	Councillors undertake spot checks and sign off bank reconciliations monthly.	
	(Burial Authorities only) Is the Council	2019/2020 Richmond Town Council reviewed headstones for stability and found over 100 unstable. Process of contacting relatives is still ongoing	

	aware of the Ministry of Justice guidance on “Managing the Safety of Burial Ground Memorials”		
Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Comprehensive exercise undertaken to calculate the precept requirements – at the Feb 2021 meeting a precept of £64652.22 was set for 2020/21 (an increase of 10.1% on 2020/21).	
	Is actual expenditure against the budget regularly reported to the council?	Actual expenditure is summarised for each meeting of the Council and compared to budget	
	Are there any significant unexplained variances from budget?	None. Unexpected at the time of budgeting was COVID expenses	
Income Controls	Is income properly recorded and promptly banked?	Income from use of Thornborough Hall, car park and toilet donations, VAT refund, grants, market rents, cemetery fees, wayleaves etc. Market Superintendent collects rents, Clerk or Assistant empties honesty boxes. Rents for Hall invoiced. In the Jan '21 meeting the rates for small weddings were agreed to increase from Apr '21	
	Does the precept recorded agree to the Council Tax authority's notification?	Yes. Copy of paperwork seen	
	Are security controls over cash and near-cash adequate and effective?	Honesty boxes emptied and counted in office before being banked	

Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash	
	Is petty cash expenditure reported to each council meeting?	n/a	
	Is petty cash reimbursement carried out regularly?	n/a	
Payroll Controls	Do all employees have contracts of employment with clear terms and conditions?	5 employees – Clerk; Deputy; Market Superintendent; 2 caretakers. All have contracts of employment. Wedding Host and Handyman are self-employed. Wedding Host not required in 2020/21 year due to COVID restrictions	
	Do salaries paid agree with those approved by the council?	Council sets salaries each time a notification is received from the NALC or National Living Wage as appropriate. Clerk received 1 point increase due to successful achievement of further qualification.	
	Are other payments to employees reasonable and approved by the council?	Yes	
	Have PAYE/NIC been properly operated by the council as an employer?	Yes	
Asset Control	Does the council maintain a register of all material assets owned or in its care?	Yes. Register is in Scribe	

	Are the assets and Investments registers up to date?	The majority of assets do have not have a purchase value	Please review this and update as possible
	Do asset insurance valuations agree with those in the asset register?	Yes, with the exception of some assets valued at cost.	
Bank Reconciliation	Is there a bank reconciliation for each account?	Yes. 3 accounts. Main, Shawl & Reserves	
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes. These are also signed off by a Councillor once a month	
	Are there any unexplained balancing entries in any reconciliation?	No	
	Is the value of investments held summarised on the reconciliation?	No investments	
Year End Procedures	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes	
	Do accounts agree with the cashbook?	Yes	

	Is there an audit trail from underlying financial records to the accounts?	Yes	
	Where appropriate, have debtors and creditors been properly recorded?	Yes	
Other Issues	Is the Council registered with the Information Commissioner?	Yes, with the exception of some assets valued at cost.	
	What arrangements does the Council have for the back up of computer files?	Yes. Dropbox is used	
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	No Trust Funds	
	Any other issues that are worthy of reporting.	No	